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ARIZONA CORPORATION COMMISSION
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Arizona Corporation Commission

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SEP 29 2009

BEFORE THE ARIZONA

CORPORATION COMMISSION

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Docket No. G-04204A-08-0571

**INTERVENOR IBEW LOCAL
1116'S REPLY BRIEF RE:
PAYROLL EXPENSE AND PAYROLL
TAX EXPENSE ADJUSTMENTS**

IN THE MATTER OF THE
APPLICATION OF UNS GAS,
INC. FOR THE ESTABLISHMENT
OF JUST AND REASONABLE
RATES AND CHARGES DESIGNED
TO REALIZE A REASONABLE
RATE OF RETURN ON THE FAIR
VALUE OF THE PROPERTIES OF
UNS GAS, INC. DEVOTED TO
ITS OPERATIONS THROUGHOUT
THE STATE OF ARIZONA.

Pursuant to the Administrative Law Judge's ("ALJ")
instructions during the recent hearing in this matter, Local
Union 1116, International Brotherhood of Electrical Workers,
AFL-CIO, CLC ("IBEW Local 1116"), by and through undersigned
counsel, hereby submits the following response to the
portion of the Residential Utility Consumer Office's
("RUCO") Closing Brief dated September 18, 2009 (p. 23)
relating to UNS Gas, Inc.'s ("UNS Gas") requested Payroll
and Payroll Tax Expense Adjustment.

As set forth in the pre-filed and live testimony of
Frank Grijalva, the union's principal officer, IBEW Local
1116 strongly supports and endorses UNS Gas' proposed

1 Payroll and Payroll Tax Expense Adjustment.¹ See Tr. 245:9-
2 11 (referring to, *inter alia*, IBEW-1, pp. 4-5). By
3 contrast, in its Closing Brief (p. 23, lines 9-11), RUCO
4 states, *inter alia*, that it "opposes the Company's request
5 as it is not known and measurable[.]" RUCO's assertion,
6 however, is factually incorrect. See, e.g., Tr. 247:9 to
7 248:3.

8 It is undisputed that UNS Gas and IBEW Local 1116
9 concluded their contract negotiations earlier this year
10 (*id.*) and, as such, it is relatively easy for the parties
11 and, in turn, this Commission to calculate the amount of the
12 Payroll Expense and Payroll Tax Expense adjustments. IBEW
13 Local 1116 believes that it is both sound public policy and
14 in the public interest for the Commission to adopt this
15 adjustment just like it has in other recent cases.

16 It is well settled that a public utility, like UNS Gas,
17 needs to maintain financial integrity, attract necessary
18 capital, and compensate investors fairly for the risks they
19 have assumed, and yet provide appropriate protection to the
20 relevant public interests, both existing **and foreseeable**.

21 *Jersey Cent. Power & Light Co. v. Federal Energy Regulatory*
22 *Com.*, 810 F.2d 1168, 1177 (D.C. Cir. 1987) (*en banc*) (Bork,
23 J.). Thus, the return on the utility rate set by the
24 Commission ought to be sufficient to ensure confidence in

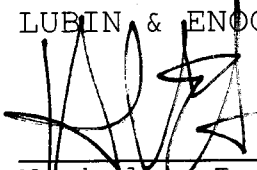
25
26 ¹ UNS Gas accurately explained the details of this
27 adjustment on page 17 of its Initial Post-Hearing Brief dated
28 September 18, 2009.

1 the financial integrity of the enterprise, so as to maintain
2 its credit and to attract capital, and that it is important
3 that there be enough revenue to cover **its known operating**
4 **expenses**, like the payroll adjustments requested herein.
5 Id. at 1178.

6 **WHEREFORE**, it is respectfully requested that the
7 Commission approve UNS Gas' proposed Payroll and Payroll Tax
8 Expense adjustment.

9 RESPECTFULLY SUBMITTED this 29th day of September 2009.

10 LUBIN & ENOCH, P.C.

11 
12 _____
13 Nicholas J. Enoch, Esq.
14 Attorney for Intervenor IBEW Local 1116

15 Original and thirteen (13) copies
16 of IBEW Local 1116's Brief filed
this 29th day of September, 2009, with:

17 Arizona Corporation Commission
18 Docket Control Center
1200 West Washington Street
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19 Copies of the foregoing
20 transmitted electronically
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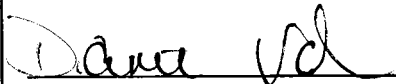
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